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CHANCERY COURT GRANTS THREE RECEIVERSHIP PETITIONS

NASHVILLE, Tenn. — Commissioner Paula A. Flowers today filed petitions in Davidson County Chancery Court to place three insurance reciprocals – Doctors Insurance Reciprocal RRG, American National Lawyers Insurance Reciprocal RRG and the Reciprocal Alliance RRG– into receivership.

The court granted the receivership petitions this afternoon, allowing the Commerce and Insurance Department to direct the day-to-day operations of the reciprocals until their financial conditions stabilize. Flowers appointed former state attorney general Knox Walkup as Special Deputy Receiver to manage the insurers' business affairs.

Flowers' action follows financial questions about a related company that was placed into receivership by the Virginia Bureau of Insurance on Wednesday.

The three reciprocals – groups of professional-service providers who have pooled resources to provide their own insurance – solely write malpractice insurance and are reinsured by Reciprocal of America (ROA), Richmond, Va. Under the reinsurance arrangement, the reciprocals have transferred all of their risk to ROA, which receives portions of insurance premiums collected by the groups.

ROA's troubled financial condition could affect the reciprocals' ability to meet their insurance obligations. On Wednesday, Flowers ordered the reciprocals placed under administrative supervision, allowing the Commerce and Insurance Department to closely monitor the groups' business affairs. Flowers took the additional action Friday in an effort to further protect Tennessee consumers.

"The Department is in the process of assessing the situation," said Commissioner Flowers. "At this time, it would be premature to comment on the reciprocals' financial conditions beyond the petitions filed with the court. We do plan to fulfill our regulatory responsibility to protect Tennesseans who purchased coverage through these reciprocals."

The orders of receivership are available on line at www.state.tn.us/commerce under the Press Releases tab.

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